

Message Text

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21

ORIGIN EB-02

INFO OCT-01 EUR-02 ISO-00 /005 R

66650

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APPROVED BY: EB/TA: JWHOLMES

EUR/NE: APINKNEY

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R 211613Z DEC 73

FM SECSTATE WASHDC

TO AMEMBASSY OSLO

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FOLLOWING SENT ACTION SECSTATE INFO EC BRUSSELS FROM GENEVA
DECEMBER 7TH

QUOTE

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E.O. 11652 N/A

TAGS: ETRD GATT

SUBJ: GATT COUNCIL RULES OF ORIGIN

REF A) GENEVA 5622; B) STATE 196921

1. US PROPOSAL FOR WORKING PARTY ON RULES OF ORIGIN
(REFTEL A) WILL BE CONSIDERED AT COUNCIL MEETING
DECEMBER 19.

2. TERMS OF REFERENCE WE PROPOSED FOR WP, WHICH
REMAIN BEFORE COUNCIL, ARE THOSE IN REFTEL B AND OCTOBER
POSITION PAPER, I.E. TO (A) CARRY OUT DETAILED EXAMINATION
AND ANALYSIS OF PROBLEM OF TRADE DEFLECTING AND
RULES OF ORIGIN IN FREE TRADE AREAS AND OF GATT RULES
RELATING THERETO, WITH SPECIAL REFERENCE TO EC-EFTA
COUNTRY AGREEMENTS, AND (B) REPORT TO COUNCIL.

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3. IF PARTIES TO AGREEMENTS (NOTABLY EC) AGREE TO WP, WE HAVE NO IMMEDIATE PROBLEM. THEY MIGHT AGREE MORE READILY IF WE COULD DROP FINAL PHRASE OF OCT PROPOSAL "WITH SPECIAL REF TO EC/EFTA COUNTRY AGREEMENTS". WE WOULD THEN EXPECT IN DUE COURSE TO DISCUSS WITH SECRETARIAT AND INTERESTED COUNTRIES OUR THINKING ON SCENARIO FOR WP ON BASIS OCTOBER POSITION PAPER AND ANY FURTHER GUIDANCE.

4. IF EC OR OTHERS ARGUE IN COUNCIL THAT WPS ON EC-EFTA COUNTRY AGREEMENTS HAVE EXPOSED RULES OF ORIGIN EXHAUSTIVELY AND PRESS FOR EXPLANATION OF WHAT WE WOULD EXPECT NEW WP TO DO IT MAY BE USEFUL TO INDICATE SORTS OF ANALYSIS WE ARE CONSIDERING. WE COULD MENTION IN THIS CONTEXT PAPERS LISTED IN OCTOBER POSITION PAPER, E.E. (A) NEGOTIATING HISTORY OF RELEVANT GATT PROVISIONS, (B) ANALYSIS OF ORIGIN RULES IN FTAS EXAMINED IN GATT AND EXPERIENCE UNDER THEM AND (C) ANALYSIS OF ALTERNATIVE WAYS OF HANDLING TRADE DEFLECTION PROBLEM. OTHER POSSIBILITIES WOULD BE (D) COMPARISON OF PRESENT RULES WITH OLD EFTA RULES AND (E) ANALYSIS OF ORIGIN RULES UNDER PRESENT AGREEMENTS IN RELATION TO SPECIFIC TARIFF DIFFERENTIALS. OUR PRESENT INCLINATION WOULD BE TO MENTION (A) AND (B) ABOVE FIRST IN BELIEF THEY WOULD BE LESS ALARMING TO EC IF THERE IS STILL CHANCE OF EC AGREEMENT.

5. FINALLY, WE WILL HAVE TO CONSIDER WHAT FURTHER AVENUES WE CAN FOLLOW IF EC FIRMLY REJECTS WP. MISSION IS INCLINED TO THINK BEST APPROACH MIGHT BE CONSULTATION UNDER ARTICLE 22:1. UNDER PROCEDURES ADOPTED 10 NOV 1958 (7 BISD 24) OTHER INTERESTED PARTIES MAY BE BROUGHT INTO CONSULTATION, WHICH WOULD ENABLE OTHERS SUCH AS JAPAN, CANADA AND BRAZIL TO JOIN. AND SECRETARIAT MAY PROVIDE REQUESTED ASSISTANCE. SUCH CONSULTATION WOULD BE HARDER FOR EC TO RESIST IN VIEW OF WORDING OF ARTICLE 22 AND COULD BE FOCUSED MORE SPECIFICALLY ON EC RULES THAN MORE GENERAL WP. (OF COURSE UNDER THIS OR ANY OTHER PROCEDURE WE WOULD BE DEPENDENT ON EC ATTITUDE FOR ANY REAL PROGRESS.) THIS PROCEDURE WOULD PERHAPS LIMITED OFFICIAL USE

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BE MORE LOGICAL THAN PURSUING ISSUE IN NORWAY CONTEXT SINCE NORWAY AGREEMENT IS ONLY ONE OF SEVERAL AND, MORE IMPORTANT, WOULD BE MORE LIKELY TO MAINTAIN PRESENT RELATIVELY FAVORABLE ATTITUDE OF EFTA COUNTRIES, WHICH WE THINK MIGHT TEND TO RESENT INDEFINITE DELAY IN ACTION ON NORWAY (AND PERHAPS FINLAND) AGREEMENT. IF THIS COURSE FOLLOWED, PRESUMABLY WE COULD MAKE BILATERAL APPROACH TO PARTIES TO AGREEMENTS, INFORMING DIRECTOR

GENERAL, EARLY NEXT YEAR.

6. WE COULD OF COURSE DECIDE LATER WHETHER TO REQUEST
CONSULTATION UNDER 22:2 IF 22:1 CONSULTATION DID NOT
PROCEED IN SATISFACTORY MANNER. BASSIN UNQUOTE RUSH

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